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The Honourable Mark Eyking

Standing Committee on International Trade

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● (1100)

[*English*]

The Chair (Hon. Mark Eyking (Sydney—Victoria, Lib.)): Good morning everybody. Welcome on this rainy morning.

We're continuing where we left off last Tuesday. It's been brought forward to us by the House to deal with Bill C-79. We're going clause by clause through the CPTPP. It was a very productive Tuesday.

Just to give you a heads-up, colleagues, when we're finished this, if everything goes the way we think it might go, we're going to go in camera with some future business at the end of our meeting.

Is everybody good to go?

I think we finished with clause 19. Did we, sir?

The Clerk of the Committee (Mr. Olivier Champagne): Yes.

The Chair: We'll continue as usual. I'm not going to group them together. I'm going to go clause by clause.

I'll start right off the bat with clause 20.

(Clause 20 agreed to)

(Clause 21 agreed to)

(Clauses 21 to 50 inclusive agreed to on division)

The Chair: That's all the clauses.

If everyone recalls from the previous meeting, we got stuck a little bit on clause 12. I think that's the only one. If my recollection is right, Ms. Ramsey had an amendment to clause 12, which she wanted to change a bit. That's the only one.

Ms. Ramsey, are you ready to talk about clause 12 and what you have brought forward?

(On clause 12)

Ms. Tracey Ramsey (Essex, NDP): Yes. Thank you, Chair.

Again, this is an amendment that I'm bringing forward in the interest of transparency and accountability.

If you look under the heading "Expenses", you'll see, under clause 12, "The Government of Canada is to pay its appropriate share of the aggregate of".

My amendment adds, after line 7 on page 5:

> (2) As soon as feasible, but in any case within three months after the end of each year, the Minister must cause to be laid before each House of Parliament a report setting out the amount paid in accordance with subsection (1) during that year.

I think, Mr. Chair, there was some confusion that this might apply to other member countries, but it's very clear in the section that it's under that this is specific to the Government of Canada only. I went to the drafters and came back with this revision on the amendment. It's so that they would report back to Parliament on the cost of this particular section.

● (1105)

The Chair: Are there any more comments on this amendment?

Mr. Hoback.

Mr. Randy Hoback (Prince Albert, CPC): I just want to confirm this amendment with the officials.

Does it create any issues as far as the agreement itself is concerned? Does it create any situation where we cannot ratify the agreement?

Mr. Bruce Christie (Associate Assistant Deputy Minister, Trade Policy and Negotiations and Lead Negotiator of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, Department of Foreign Affairs, Trade and Development): Our only comment with the original proposed amendment was to clarify that any of the reporting on the costs incurred by the joint commission would only be relating to those costs incurred by the Government of Canada. We wanted it to be clear that we weren't putting any other obligations on other CPTPP members to also provide these costs. The costs of the joint commission to administer this institution would be borne by all 11 members and future members.

From our technical perspective, the proposed amendment would be fine as long as it's made clear that we're referring to the amount paid by the Government of Canada in accordance with proposed subsection 1. I don't think it's our position to propose this, but it may lead to a couple of simple formatting questions in the clause.

● (1110)

The Chair: Are there any more comments on this amendment?

Mr. Allison.

Mr. Dean Allison (Niagara West, CPC): Do we need to specify that, then? It doesn't say the Canadian government per se. Are you saying we may need a friendly amendment to fix that?

Mr. Bruce Christie: That would be helpful, yes.

Ms. Tracey Ramsey: I'm certainly open to that amendment. The actual category is quite clear—that it's about the Government of Canada—but I am open to the amendment including Canada.

The Chair: Do you want to read your amendment again or is everybody clear with what it's going to state?

Ms. Tracey Ramsey: I would ask the officials if they could propose the amendment, maybe with the legislative clerk. Could they make a recommendation as to how this could be implemented here?

The Clerk: What I have now is to add the words "by the Government of Canada" after the word "paid". Am I correct?

The Chair: Do we understand this now?

Mr. Randy Hoback: I'd like to clarify that. It would read, "setting out the amount paid by the Government of Canada in accordance with subsection".

The Chair: Are there any more comments on this?

Go ahead, Mr. Peterson.

Mr. Kyle Peterson (Newmarket—Aurora, Lib.): I'm not clear that this doesn't impact the other parties to the agreement. If it's about the aggregate, presumably everybody would have to submit all of their expenses to find out what the aggregate is. We're putting them on a timeline that they may not be willing to accept, and they're not here at the table to discuss it.

Ms. Tracey Ramsey: We just heard from the officials that this is not the case. That's what they conferred about, and they've come back to us to say there's no responsibility in changing this language. We don't put anything back onto the other member countries.

Mr. Kyle Peterson: Well, I heard from the officials—

The Chair: Mr. Christie has a comment, if you don't mind, Mr. Peterson.

Mr. Bruce Christie: I wanted to clarify something. When I provided our view, I mentioned we would have to do a slight formatting change.

We propose that clause 12 becomes clause 12.1, with three proposed paragraphs—(a), (b) and (c)—and that the proposed amendment becomes clause 12.2. That way we make it completely clear that the additional reporting on expenses would be borne by the Government of Canada.

The Chair: Does everybody understand what Mr. Christie just said?

The Clerk: From a procedural point of view, it doesn't work because we're on clause 12. If we need to add a clause, then we should just deal with what the committee has before it right now and vote on clause 12. Then we can move the new clause as clause 12.1.

The Chair: Is everybody okay with the procedure so far?

Mr. Kyle Peterson: There's some confusion. This says, "end of each year", so are we talking about the fiscal year? It's not clear there. With respect to the three-month time frame, I don't know how it's technically going to work when we aggregate these expenses, whether it's even practical or feasible. Wouldn't these expenses already be public by some other means?

The Chair: Go ahead, Ms. Ramsey.

Ms. Tracey Ramsey: I'm happy to refer it to the officials and have them get back to us, but it isn't published anywhere else. There is no reporting of this. I'm open to an amendment that says, "within three months after the end of each calendar year" if that clarifies things for you. It could be "fiscal year", whichever you suggest. It would have to reflect the way Statistics Canada captures this type of data so that there's a similarity with what they are using, whether they use "fiscal" or "calendar".

● (1115)

The Chair: I have a quick question, Mr. Christie. Is it common in our agreements to have a clause like this?

Mr. Bruce Christie: No, it isn't. In the case of CPTPP, we haven't yet finalized how the costs of the joint commission will be reported. We don't know whether it will be by some period of time stretching over two calendar years or by calendar year. We haven't finalized those details yet. This is typically not specified. This information is always accessible through an access to information request.

The Chair: Does this fall within Treasury Board guidelines, as a trade agreement, that we specify..., or is it not a problem?

Mr. Bruce Christie: The information would certainly be found in our department's budgetary processes, but it's not typically published in any other free trade agreements.

The Chair: Unless there are more comments, the suggestion from the floor is that if we're going to proceed, we have to vote first on clause 12 as it is. Then we have to add a new clause 12.1 with this amendment.

Go ahead, Mr. Carrie.

Mr. Colin Carrie (Oshawa, CPC): I have one more question, to clarify. If I'm understanding this correctly, for our other trade agreements the information is available. It's just not published, so we would have access to it if we wanted it. It's publicly available.

Mr. Bruce Christie: The information isn't broken out like this. They don't separate. In another joint commission that administers the implementation of a free trade agreement, the costs of the joint commission are certainly published, but not the specific costs of Canada.

To clarify another question raised earlier, we're not suggesting an additional clause. We're just suggesting that for clarity we renumber clause 12 as 12(1), and the new proposed amendment, if carried, as 12(2).

The Chair: So it's still all under one clause. It just has a new number on it.

Okay, that clarifies that. If there are no more comments on the amendment, we'll go to Ms. Ramsey.

Ms. Tracey Ramsey: This is about accountability and transparency. I think we're hearing from the officials that although this isn't something that has been done before, it is something that can be done here. It doesn't change the spirit of the agreement whatsoever, or the responsibilities of the other member countries.

I really think that at this moment, in terms of trade and where we're going, people are looking for this type of transparency. Certainly, Canadians are. This would be a small amendment that is quite allowable and within our purview to be able to add, so that we would have an understanding of exactly how much is being spent on the CPTPP. This is certainly not the case for other agreements, but I would actually say that I think this should be part of other trade agreements going forward. If we're truly going to be accountable to Canadians, to their jobs, to their livelihoods, and to their communities, then we need to be open and transparent about how much it's costing us to implement some of these things we're signing onto in trade agreements like the CPTPP.

I would ask my colleagues to reflect on that when they vote. This is an opportunity as well for the trade committee to have a piece added to the CPTPP. Out of all the good work that we've done, we've certainly heard from the 400 witnesses on the TPP and essentially in every agreement that we've discussed here around this table, people want transparency and accountability and they're looking for some things to be changed in trade agreements.

I would ask you to consider that when you vote. I also request a recorded vote, Mr. Chair.

The Chair: Okay. We'll vote on the amendment to the new subclause12(1).

Do you have a subamendment, Mr. Sheehan?

Mr. Terry Sheehan (Sault Ste. Marie, Lib.): Just for clarification, it's clause 12, or whichever one we're going to vote on first, and then we're going to vote on the amendment second, or are we voting on the amendment to the clause? Please clarify that.

● (1120)

The Clerk: The first vote would be on the subamendment, then on the amendment, and then on the clause.

The Chair: Okay, we're first doing Mr. Allison's subamendment.

(Subamendment agreed to [See Minutes of Proceedings])

(Amendment as amended negatived: nays 5; yeas 3 [See Minutes of Proceedings])

(Clause 12 agreed to)

The Chair: Okay, folks, that's it for the clauses. There are 13 schedules. Do you mind if I group the 13 together?

Some hon. members: Agreed.

(Schedules 1 to 13 inclusive agreed to on division)

The Chair: Shall the short title carry? Clause 1 is the short title.

Some hon. members: Agreed.

Mr. Randy Hoback: Why don't we change it back to "TPP" and call it what it really is?

Voices: Oh, oh!

The Chair: No, let's not go down that road.

Ms. Tracey Ramsey: Put an amendment on the floor. I'll support it.

Voices: Oh, oh!

The Chair: Shall the title carry?

Some hon. members: Agreed.

The Chair: Shall the bill carry?

Some hon. members: Agreed.

Ms. Tracey Ramsey: On division.

The Chair: Shall the chair report the bill to the House?

Some hon. members: Agreed.

The Chair: Okay, folks. This is it, so off it goes to the big house and we'll take it from there. We'll see you at vote time.

Mr. Randy Hoback: There's one more. Do we not have the reprinting of the bill?

The Chair: There was no amendment, so we don't reprint it.

That is the end of this, but there was a request from a committee member that, since we have the officials here, perhaps they could stay another few minutes to take a couple of questions.

Ms. Ramsey, do you have a question for the officials?

Ms. Tracey Ramsey: I didn't get to ask this question the other day, so thank you for that.

I want to ask about supply-managed sectors. I want to just read out a couple of things I've received from the supply-managed sector around the CPTPP, and then I have a question specifically about the quota changes.

For the dairy sector, the Union des producteurs agricoles, when they spoke about the CPTPP, said, "We believe that dairy access concessions in the CPTPP are expected to be used almost entirely by New Zealand and Australia, given the U.S. withdrawal from the agreement. If so, implementing the agreement will have permanent impacts, including a perpetual loss of revenue for producers. The agreed-upon CPTPP market access concessions represent a loss of approximately 3.1% of dairy production or $160 million in revenue for producers."

Of course, I have dairy farmers in my riding who are quite upset about this. I think about Bernard Nelson, Mark Stannard, Vicky Morrison and Lyle Hall, who's the president of our Essex Country Federation of Agriculture, who are extremely disappointed in the government on this move because of the losses.

I have a turkey farmer in my riding, Josh Mailloux, and the Turkey Farmers of Canada have been outspoken on this issue, saying that the import access to the Canadian turkey market is 71%, which will represent a "$270 million in lost farm cash receipts over the next 19 years—a farm output loss of at least 4.5 per cent."

We have the Egg Farmers of Canada. Roger Pelissero, who's the chairman of Egg Farmers of Canada, said that once the CPTPP is fully implemented, "Canadian egg farmers will have lost the right to produce close to 291 million dozen eggs, with an additional 19 million dozen eggs added each year after the implementation phase. The total value of the trade deal represents close to $1 billion dollars in lost farm family income."

I wonder if you can explain to us the quota we have given up in the CPTPP and what the government is going to do to support these farmers if that was a part of the negotiation. It existed under the previous Conservative government and disappeared under the Liberal government. I wonder if you can speak a bit to that process that dropped off under the current government and also to the quota changes they'll incur.

● (1125)

The Chair: Ms. Ramsey, before they answer, it's a big question. It's up to the officials. If they want to respond in writing to this, I think we're okay with that too.

It's up to you. We have other things we'd like to do today, but go ahead. The floor is yours if you want to respond to that, or we can ask for a written response.

Mr. Bruce Christie: Maybe I will just provide some general reactions to the question, and then we can provide supplementary answers in written form.

Yes, under the CPTPP there will be limited market access across all supply-managed sectors through the form of 22 tariff rate quotas. These tariffs will be eliminated over 10 years through 11 equal installments. The figures that were used in terms of 3.1% market access are based on the United States' participation in the CPTPP, and as you know, the U.S. is no longer a part of this agreement.

In terms of the impact on all supply-managed sectors moving forward, the Government of Canada is engaged in consultations with all five pillars of supply-managed sectors, and we will continue to hold those discussions to determine what the potential impact will be on the implementation of the CPTPP legislation. Through those consultations, the government will define a path forward.

In terms of the specific impacts on some of the individual supply-managed sectors and products—turkey, eggs, broiler hatching eggs, dairy, cheese—we can provide more specific, written answers to the member's questions.

The Chair: Thank you.

Unless there are any more questions from any of my colleagues, we're going to move on.

Ms. Tracey Ramsey: Will you allow me another question, Mr. Chair?

The Chair: I would appreciate it if you would make it short. That way they can get some time to answer.

Ms. Tracey Ramsey: I can. Thank you.

This is about the side letter with Japan under auto. I think we discussed auto in the previous meeting. They are quite unhappy. It has been described by many, including the Automotive Parts Manufacturers' Association, as useless, saying that the document will not help Canada gain access into the Japanese market.

I can read you a quote from Flavio Volpe, the head of that organization. He said:

> ...the Minister's drive to achieve another vanity trophy paid for by the regular people who work in Canada's auto sector is amazing to watch and I congratulate him on this ignominious achievement.

Another quote that I would like to read is from Jerry Dias, who is currently in negotiations around NAFTA. He said the side letters mean nothing and they are unenforceable. He said:

> It's lollipops and rainbows. We've dealt with side letters in NAFTA which have proven to be inherently useless....

There is a call to draw attention to the fact that the side letter has no enforceability whatsoever. Across the North American auto sector, the Canadian auto sector, they are united in saying that they will not be able to get any reciprocal access to the Japanese auto market. In fact, the Canadian Labour Congress is united in its protest against it.

I will read a quote from the CLC president, Hassan Yussuff.

> The way this new deal was suddenly announced, without any consultation or transparency, is undemocratic and flies in the face of the government's claims that it is standing up for workers in trade negotiations....

Can you answer—and I think it's a simple answer—as to whether the side letter is enforceable? It's yes or no, essentially.

● (1130)

Mr. Bruce Christie: The side letters that relate to the auto sector with Malaysia, Australia and Japan are fully enforceable through the dispute settlement chapter of the agreement.

The Chair: Thank you, Mr. Christie.

That was your question, unless you want a little more clarification, Ms. Ramsey, because I did want everybody to get in.

Ms. Tracey Ramsey: I would because I think that it has been studied quite widely, and there has never been a case brought in a side agreement that has been successful. I think about the Guatemala case in terms of labour. The provisions that we have been able to have written into side letters have never been effectively brought as cases.

While there is a thought that they can be, it has never actually played out that way. This is why I believe that when you look at the research around side letters, there is no enforceability happening because when they are brought under the investor state, or the ISDS, or whatever they are brought under, state to state, when they are challenged, they are never successful.

It's the track record of the success of those side letters that clearly, to these folks, tells them that they are useless.

Mr. Bruce Christie: We have never negotiated these types of side letters with the countries in the CPTPP before. We negotiated these legal instruments in order for them to be fully enforceable. We believe they are fully enforceable through the CPTPP's dispute settlement mechanism and through the deliberations of a panel that would be established to hear a complaint by one party over the failure to implement the obligations and commitments related to the side letters.

That was our intention, and that's our understanding, that once this agreement enters into force, the side letters will be fully enforceable through the dispute settlement mechanism. That was the purpose and intent behind the negotiation of those instruments.

The Chair: Thank you, Mr. Christie.

I know we just did clause-by-clause for the last few days, but this has been a long journey for our committee and Canadians. I think when Parliament resumed a couple of years ago, we started on TPP and I think it was one of the biggest studies. Our committee went to every province. We met many stakeholders. We had open mikes, so we had a lot of input. We had so many witnesses, and the emails that were received were in the tens of thousands.

I have to thank the committee for all the work and the Canadians who had input into this agreement. Thank you very much, everybody.

On that note, thank you to the officials for coming and helping us.

We're going to suspend just for two minutes so we can clear the room because we're going to do a little bit of future business in camera.

[*Proceedings continue in camera*]

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